

**Health for All Kansans Steering Committee:  
March 19, 2007**

**Agenda:**

- March 13<sup>th</sup> meeting review: Approved role of steering committee; guiding principles; timeframes for “Health for all Kansans” steering committee<sup>1</sup>.
- Discuss “short term health reform” via the legislative package for passage this session, including premium assistance.
- Review “long term health reform” via enabling legislation/resolution this session to charge the KHPA with development of “Health for all Kansans” legislation for adoption in 2008 and implementation in 2009 and 2010.
- Determine whether there is consensus for the legislative package and enabling legislation to send to the KHPA Board for consideration tomorrow, March 20<sup>th</sup>.
- Next meeting: to be scheduled.

<b>A. Legislation package this session:</b>
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Discuss the following “package” of reforms. This package could be introduced in the Senate Ways and Means and House Appropriations Committees for consideration this session (regular session ends April 4<sup>th</sup>) and/or into the Omnibus session (begins April 25<sup>th</sup>).

**1. Early detection and screening for newborns.** Expand screening for newborns from our current level of four tests to twenty-nine. This effort represents a true and meaningful step in the direction of early diagnosis and early intervention that will pay immeasurable benefits in future years. FY 2008 SGF: \$191,000; All Funds: \$1,189,942

Recent Action: Funded in the Governor’s budget. Passed the House on March 16, 2007; the House added \$1,200,000 to pay for newborn screens for both private and public health insurance programs.

**ACTION TAKEN BY STEERING COMMITTEE on 3-19-07: Move Proposal #2 to either add to enabling legislation or charge the Advisory Councils to study this proposal:**

**2. Expand insurance to young adults through their parent’s policies.** Extending the age of dependency could cover more young adults in the state. Change the age from 23 to 25 and mandate that private insurers also provide coverage to dependent. \$2.6 M state agency contributions (off-budget); \$650,000 employee contributions

Recent Action: Passed the Senate Public Health and Welfare Committee on February 21, 2007.

**3. Medicaid outreach and enrollment expansion.** Expand the marketing of programs available to the public in order to educate Kansans about the HealthWave program and health and wellness through: (1) designing an online application and screening tool for

potential beneficiaries, (2) developing and implementing a targeting marketing campaign and (3) employing additional outreach workers. *FY 2008 SGF: \$336,247 (FY 2008) All Funds: \$ 822,112 (FY 2008)*

**4. Consider DRA Flexibilities.** The DRA allows moving waiver services into the Medicaid state plan, designing benchmark benefit packages with more cost sharing, and exploring innovative reform models through Medicaid Transformation Grants.

Recent Action: The Kansas Medicaid program has received a Medicaid Transformation grant for \$910,000 which will combine predictive modeling with training by KU clinicians to assist case managers in coordinating preventive care for disabled Medicaid beneficiaries with the goal of improved health outcomes. We have also submitted a Long Term Care Partnership grant together with the Kansas Department of Insurance to CMS. Premium assistance reforms are described below and can be included in the short term legislative package. Other DRA flexibilities will be explored in broader health reform as outlined the enabling legislation.

**5. Cover Kansas Pregnant Women, Children and/or Low Income Families through Premium Assistance.** Several states are moving toward a premium assistance model which is meant to encourage low-income families' participation in private coverage, shore-up the private coverage market and prevent crowd-out, and achieve cost savings by bringing in employer contributions to help offset costs. Premium assistance programs use federal and state Medicaid and/or SCHIP funds to subsidize the purchase of private health insurance. They may also utilize employer or enrollee contributions to help pay premium costs. Some premium assistance models provide "wrap-around" coverage to the employer sponsored plan. Premium assistance models can also be used to cover all Kansas children (ages zero to five) and pregnant women. Premium assistance could also be developed in tandem with a Health Insurance Exchange model. (See #2 Premium assistance below)

**6. Promoting price and quality transparency.** Promote Transparency for Kansas Consumers and Purchasers through a two phased approach that collects data currently available in one convenient location (through KHPA and State libraries), and then adds health care pricing and quality data (as determined by the KHPA Data Consortium – made up of providers, consumers, and purchasers). This kind of information will also help to reduce utilization of care that is not evidence based or is of questionable quality, which can serve to reduce overall health care costs. *SGF: \$425,682 (FY 2008) All Funds: \$543,790 (FY 2008)*

**7. Increasing Health Information Technology/Exchange (HIT/HIE).** Building on the work of the Health Care Cost Containment Commission and the KHPA staff, the state should establish an Implementation Center for HIE in Kansas through a public/private entity as a single coordination point for Kansas HIE efforts. *SGF: \$750,000 (FY 2008) All Funds: \$1 M (FY 2008)*

## **B. Cover Kansas Pregnant Women, Children and/or Low Income Families through Premium Assistance**

Premium assistance can help low income uninsured families in Kansas to purchase private health insurance, either through their employer or through state procured health insurance plans. Research suggests that better health outcomes are associated with members of a family receiving health care services through the same “medical home”. Although children in Kansas are eligible for Medicaid and/or the State Children’s Health Insurance Program up to 200 percent of the federal poverty level (FPL), Kansas currently has one of the lowest rates of Medicaid eligibility in the nation for poor parents (below 37 percent of the FPL<sup>1</sup>). Premium assistance in Kansas could be phased in over three or four years to ensure that poor uninsured families get access to private health insurance.

### **Premium Assistance options this session:**

- Competitively bid state-procured health plans: For low income uninsured families, Medicaid (state and federal share) would pay for premiums for state-procured private health insurance to be offered to low income children and their parents. Because children eligible for Medicaid are required by federal law to receive certain services, the private insurance plans would be supplemented by “wrapping around” additional services paid for through fee-for-service Medicaid.
- Employer sponsored insurance (ESI) buy-in: For low income uninsured parents who have access to employer sponsored private health insurance, Medicaid would pay the employee share of the health insurance premium for families and then “wrap around” children’s coverage with fee for service Medicaid.

### **Reduces the number of uninsured Kansans**

- Phases-in health insurance coverage to families with Medicaid-eligible children, beginning with those families who are already eligible for Medicaid (i.e. those below 37 percent of the federal poverty level).
- Creates a “medical home” for families because premium assistance brings parents and children into the same private health plan
- Protects health care benefits currently offered to children

### **Expands private health insurance coverage**

- Expands coverage solely through private health plans, promoting competition in the health insurance marketplace
- Increases health plan choices available to low-income families, similar to the State Employee Health Benefits Plans (the SEHP includes a Health Savings Account)
- Puts Medicaid benefits for parents on a par with privately-insured families

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<sup>1</sup> In 2006, 37% of the Federal Poverty Level (FPL) was \$3,626 for a single person; \$4,884 for a family of two; \$6,142 for a family of three; and \$8,658 for a family of four.

- Prepares the way for further reforms to improve markets and expand health insurance coverage
- Can be used to incentivize health promotion and disease prevention within private plans
- Can be “phased in” over three or four years to dovetail with additional health insurance market reforms, such as a health insurance connector.

**Leverages federal dollars toward broader health reform**

- Draws in federal matching funds and takes advantage of Deficit Reduction Act Flexibilities – giving Kansas an opportunity to “catch up” with other states in terms of federal support for increasing access to health care
- Together with increased transparency of health care cost and quality as well as information technology, can create partnerships with the US Department of Health and Human Services

**ACTION TAKEN BY STEERING COMMITTEE on 3-19-07: Include Year 1 and Year 2 as part of the legislative proposal package; include a Legislative “trigger”; at end of Year 2 to evaluate prior to phasing in up to 75 and 100% of FPL**

*Cost and Coverage Options Under a Premium Assistance Plan*

Phase-In	Year 1	Year 2	Year 3	Year 4	FULL PHASE IN
Percent of Federal Poverty Level (FPL)	Ramp up (Those under 37% FPL)	Under 50% FPL	50-74% FPL	75-99% FPL	Total under 100% FPL
Number of parents <sup>2</sup> covered	N/A	8,500	7,000	8,500	24,000
Estimated administrative costs <sup>3</sup>	\$.5M	\$1.5M	\$2M	\$2.25M	\$2.25M
SGF: Premium costs		\$11M	\$9M	\$11M	\$31M
Federal Matching Funds		\$16M	\$14M	\$16M	\$46M
Total Costs		\$27M	\$23M	\$27M	\$77M

<sup>2</sup> We expect that a number of children who are eligible but not enrolled in Medicaid will get signed up together with their parents as a result of a premium assistance program.

<sup>3</sup> Preliminary estimates for administrative costs.

### C. Possible Enabling legislation/resolution

**ACTION TAKEN BY STEERING COMMITTEE on 3-19-07: Copy of Substitute for Senate Bill 309 was reviewed (see copy); Senator Barnett reviewed the changes made to this proposed legislation; Dr. Nielsen added that the draft enabling legislation by the steering committee (see below) was incorporated into the Substitute for SB 309 proposal which was passed out of Committee yesterday by the Senate Health Care Strategies Committee.**

Review enabling legislation/resolution this session to direct development of “Health for all Kansans” legislation for adoption in 2008 and implementation in 2009 and 2010 as the draft outlines below, which includes comments/edits from the March 13<sup>th</sup> meeting. Senator Barnett and Senator Wagle have re-introduced SB 309 as enabling legislation largely derived from the Steering Committee draft.

DRAFT: AN ACT relating to health care reform and the Kansas Health Policy Authority; enabling the Authority to study and draft legislative health reform options for the 2008 Kansas Legislature.

New Section 1. On November 1, 2007 the Kansas Health Policy Authority shall deliver to its Board, the Health for All Kansas Steering Committee, the Governor, The Kansas Health Policy Authority Legislative Oversight Committee, the Speaker of the House of Representatives, the minority leader of the House of Representatives, the President of the Senate and the minority leader of the Senate, health reform options for potential enactment by the 2008 Legislature, an analysis of the proposed health reform options, and draft model legislation for the proposed health reform options.

New Section 2. The Kansas Health Policy Authority will analyze and develop health reform options with the goals of promoting patient-centered health care and public health services; **promoting health, education, and disease prevention**; protecting the health care safety net; **financing health care** and health promotion in a manner that is equitable, seamless and sustainable for consumers<sup>4</sup>, providers, purchasers and government; and promoting market based solutions *including tax policy* that encourage fiscal and individual responsibility<sup>5</sup>.

New Section 3. The Kansas Health Policy Authority will obtain an economic analysis, by an entity that is recognized as having specific experience in the subject matter of all health reform options proposed under Section 1, to determine the economic impact of proposed reforms on consumers, providers, purchasers, businesses, and government, and to determine the number of uninsured Kansans who have the potential to receive coverage as a result of the options proposed under Section 1.

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<sup>4</sup> Discussion regarding moving to a healthier population and addressing tax policy, per Rep. Neufeld

<sup>5</sup> Discussion regarding the need for enabling legislation to focus on finance, health/wellness, and tax policy – these cannot be done in isolation.

New Section 4. The Kansas Health Policy Authority will investigate and identify possible funding sources for the options proposed under Section 1.

New Section 5. In collaboration with the United States Department of Health and Human Services the Kansas Health Policy Authority will investigate the development of “Affordable Choices Initiatives” funding; waiver and funding opportunities under the Deficit Reduction Act; and waivers under the Health Insurance Flexibility and Accountability demonstration initiative to expand health services to low income populations and, if feasible, will include such programs in the options proposed under Section 1.

New Section 6. The Kansas Health Policy Authority will analyze policies that create a health insurance connector designed to increase portability, to increase individual ownership of health care policies, to utilize pre-tax dollars for the purchase health insurance, and to expand consumer responsibility for making health care decisions, by serving as a clearinghouse to facilitate pooling and purchasing of health insurance and to facilitate access to health insurance by small businesses and individuals as a component of the options proposed under Section 1.

New Section 7. In collaboration with the Commissioner of Insurance, the Kansas Health Policy Authority will analyze the potential for reinsurance and state subsidies for reinsurance as mechanisms to reduce premium volatility in the small group market, to increase predictability in premium trends, to lower costs and to increase coverage as a component of the options proposed under Section 1.

New Section 8. The Kansas Health Policy authority will analyze the potential for expanding the scope the State Employees Health Benefit Plan to include participation by other individuals or groups in developing the options proposed under Section 1.

~~New Section 9. The Kansas Health Policy Authority will develop and analyze other pertinent initiatives and policies designed to increase access to affordable health insurance and to promote health in developing the options proposed under Section 1.~~

New Section 10. The Kansas Health Policy Authority will utilize information from advisory committees as authorized by K.S.A. 74-7403(c) in developing the options proposed under Section 1.

~~New Section 12. The Kansas Health Policy Authority, subject to appropriations, may enter into any contracts or agreements, or may hire employees necessary to fulfill its obligations under this Act.~~

New Section 13. This Act shall take effect and be in force from and after its publication in the statute book.

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<sup>i</sup> **Roles:**

- A. Role of KHPA Board:** *Coordinate health and health care for Kansas*
- B. Role of Steering Committee:** *Advise the KHPA Board, Governor, and Legislature leadership, including the Health Policy Authority Oversight Committee*
  - a. Advise the KHPA Board, the Governor, legislative leadership regarding a legislative package that could be enacted this session
  - b. Advise the KHPA Board, the Governor, the legislative leadership regarding enabling legislation that charges the KHPA with development of broader health reform legislation for the 2008 legislative session
  - c. Under direction of the KHPA Board, charge the KHPA Advisory Councils to assist in development of health reform initiatives – work in partnership with advisory councils to develop Kansas-specific reforms
- C. Role of Advisory Councils:** *Assist the Steering Committee and KHPA Board with the development of health reform options*

**Guiding Principles:**

- Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, and the right price.
- Health promotion, education, and disease prevention should be integrated directly into these services.
- The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.
- Reforms to the health system in Kansas should be fiscally responsible, market based, and promote individual responsibility.
- Reforms to the health system in Kansas must protect the health care safety net.

**Time frame:**

- By March 19<sup>th</sup> 2007: Advise the KHPA Board, the Governor, and legislative leadership on a proposed legislative package that could be considered during the 2007 session.
- By March 19<sup>th</sup> 2007: Advise the KHPA Board, the Governor, and legislative leadership on proposed enabling legislation that would charge the KHPA with the development of health reform options that achieve access to care for all Kansans.
- March 20<sup>th</sup>, 2007: Share proposed legislative package and enabling language for consideration by the KHPA Board.
- April 1 through November, 2007: The KHPA will develop health reform options as outlined in the enabling legislation, in collaboration with the Advisory Councils. Analysis for these reform options will be provided by

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national experts with experience in state health reform. KHPA will update the Board, Governor, and legislative leadership on progress.

- By November 1, 2007: The KHPA staff will deliver the health reform options to the KHPA Board, Governor, legislative leadership (including the Oversight Committee) for their consideration. This package will include: 2 or 3 options; a feasible timeline; a cost analysis; an estimate on administrative costs (contract and staff expenses); and an economic analysis on the impact of these proposals to populations served.
- 2008 Legislative Session. The Governor and Legislature will consider health reform options for adoption by 2008 legislature.
- 2009 and 2010. KHPA to implement health reforms – continue to collaborate and refine policies with the Advisory Councils and Steering Committee.